



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 1, 2005

S. 2015

National Health Museum Act of 2005

*As ordered reported by the Senate Committee on Environment and Public Works
on November 17, 2005*

S. 2015 would permit the General Services Administration (GSA) to sell a property in the District of Columbia to the National Health Museum, Inc. (a nonprofit corporation), and to spend the proceeds from that conveyance. CBO estimates that this conveyance would not have a significant net impact on the federal budget in any year. S. 2015 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

S. 2015 would authorize the sale of a property in Washington, D.C., known as the Cotton Annex, roughly bounded by 12th Street, Independence Avenue, Maryland Avenue, the James Forrestal building, and L'Enfant Plaza in southwest Washington, D.C. The legislation would direct GSA to sell the property in two parts (a northern and southern piece) and complete the conveyances within three years. The northern part of the property would be used as the site for a new National Health Museum. Under the bill, the northern portion of property would revert to the federal government if the corporation uses it for unauthorized purposes or fails to commence work on the museum within five years. The net proceeds (remediation and excess relocation costs would be credited against the sale price) could be spent by GSA for any authorized purpose, including repairs and alterations to other government facilities.

Under current law, GSA can transfer surplus federal property to public entities at little or no cost for certain purposes (such as homeless shelters) before offering the property for negotiated or public sale. Any cash payments resulting from negotiated or public sales are deposited in the Treasury as offsetting receipts (a credit against direct spending). GSA currently controls the Cotton Annex property and estimates that approximately 300 federal employees would be displaced by the sale. In addition, GSA reports it has no plans for declaring the property excess to its needs. Thus, CBO does not expect the property would be conveyed for a public purpose or sold over the next 10 years under current law.

An assessment of the value of the Cotton Annex property has not been completed, but based on recent property sales in the District, proceeds would likely be around \$100 million. For this estimate, CBO expects that GSA would spend any net sale proceeds generated in that year on general maintenance and renovation activities. In recent years, GSA has spent around \$600 million annually from appropriated funds on building repairs and alterations. In addition, the Government Accountability Office has reported that the current backlog of repair and renovation work for federal buildings is estimated to be between \$6 billion to \$7 billion. Hence, the use of any remaining sales proceeds from the Cotton Annex property for those purposes would allow the agency to undertake more routine activities sooner than would otherwise be likely. Thus, CBO estimates that the property sale would have no significant net budgetary impact.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.